

Lifeline and Link-Up

WC Docket No. 03-109

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to increase Lifeline and Link-Up subscribership among those households and communities who need support the most.

II. UUI'S INTEREST IN THIS MATTER

UUI is the only Alaskan native-owned local exchange telephone company in the state of Alaska. UUI commenced operations in 1978 and now serves more than 50 remote native villages spread over 200,000 square miles of territory. The cost of living in these villages is high, due mainly to high transportation costs and small population base. A significant number of the native Alaskans that reside in UUI's service areas rely on subsistence, and have an income at or below the Federal Poverty Guidelines. The telephone penetration rate in these areas is below both the national and Alaskan averages. As a result, UUI's customers are particularly dependent on Lifeline and Link-Up support to be able to afford even basic telephone service.

In order to better serve the needs of its remote and dispersed customer base, UUI has an ongoing commitment to encourage both the scope of and subscribership in the Lifeline and Link-Up programs. UUI has previously filed comments with this Commission to promote strengthening and expanding Lifeline and Link-Up.³ At the state level, UUI has encouraged the Regulatory Commission of Alaska ("RCA") to strengthen its programs, and has recently requested that the RCA adopt the Income-based Criterion recommended by the Joint Board.⁴ Locally, UUI has undergone special

³ *In the Matter of Federal-State Joint Board on Universal Service: Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas*, CC Docket No. 96-45, Comments of United Utilities, Inc. (dated November 8, 1999) and Reply Comments of United Utilities, Inc. (dated January 6, 2000).

⁴ United Utilities, Inc.'s Request for Investigation into the Eligibility Requirements for the Lifeline and Link-Up Programs, RCA Docket No. U-03-__, filed July 10, 2003. The Joint Board recommends that the Commission "strongly encourage (continued...)"

marketing efforts to promote Lifeline and Link-Up subscribership in the villages it serves.

UUI's comments in this proceeding are part of UUI's focused effort to ensure that all of its customers who are in need receive the maximum benefits for which the Lifeline and Link-Up programs were designed.

III. THE BENEFITS OF AN INCOME-BASED CRITERION IN ALASKA

Alaska consumers would benefit from the Joint Board's recommended Income-based Criterion in addition to the program-based criteria which currently form the basis for Lifeline and Link-Up eligibility. This benefit is clearly demonstrated by the data and projections underlying the Recommended Decision.

In the last several years Alaska has made great strides in improving participation in the Lifeline and Link-Up programs and in 2002 ranked fifth in the Nation in terms of the percentage of eligible customers who subscribe. Nevertheless, there is substantial work to be done to ensure that all those in need of Lifeline and Link-Up support receive it. For example, nearly 40% of those Alaskans currently eligible to receive Lifeline and Link-Up support do not participate in the program. In addition, current eligibility requirements are linked to participation in other federal assistance programs (*e.g.*, Medicaid, Food Stamps, etc.⁵), and, as a result, policies that limit eligibility in these other federal assistance programs are eroding customer access to Lifeline and Link-Up.

(...continued)

states to incorporate the federal eligibility changes into state programs and to implement them accordingly." Recommended Decision, ¶ 25.

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47 C.F.R. § 54.409(b).

Adding an Income-based Criterion, akin to that recommended by the Joint Board, would benefit Alaskan consumers and help ameliorate the threat posed by the shrinkage of enrollment in other federal assistance programs. Data provided by the Joint Board staff demonstrate that an Income-based Criterion set at 135% of the Federal Poverty Guidelines would result in more than 11,000 Alaskan households becoming newly eligible to participate in the Lifeline and Link-Up program and a concomitant increase in subscribership.

In Alaska, a 135% income-based criteria should be considered a minimum. A higher threshold may be warranted. The Federal Poverty Guidelines used by the Joint Board includes a cost-of-living adjustment. This results in Alaska's poverty threshold being around 25% higher than the 48 contiguous states and Washington, D.C. (Hawaii is about 15% higher than average, but 10% lower than Alaska).⁶ This cost-of-living calculation is based on a statewide average. The statewide average, however, is dominated by the price levels in Anchorage. No other state in the country has such a large *intra*-state variation in its cost of living as does Alaska. This means that the standard adjustment to the Federal Poverty Guidelines may be insufficient for regions outside of Anchorage. Given these disparities, it is necessary for the Commission to monitor the results of adopting a 135% threshold and consider raising the threshold in the future (at least in areas such as rural Alaska) in the future.

In sum, an Income-based Criterion would benefit Alaskans by increasing subscribership in Lifeline and Link-Up programs and defraying the loss of eligibility

⁶ See 68 Fed. Reg. 6457 (showing the poverty guidelines in Alaska are higher than for the 48 contiguous states and Hawaii); Recommended Decision, Appendix D (summarizing same).

from the shrinking enrollment of other federal assistance programs. The level at which the Income-based Criterion is set must be monitored for adequacy in Alaska, since the cost of living in Alaska's rural regions is among the highest in the nation.

When describing the Commission's launch of public education efforts in some of the most rural areas of the country, Chairman Powell recently noted that Alaskan Native Villages are "typified by significantly lower-than-average telephone penetration rates" and that the Commission would "craft outreach efforts to ensure that all Americans benefit from programs such as Lifeline and Link-Up".⁷ Such an undertaking should begin by supplementing Lifeline and Link-Up eligibility criteria to make sure that none of those in need are inadvertently excluded.

IV. CONCLUSION

For all the foregoing reasons, UUI respectfully requests that the Commission adopt the Joint Board's recommendations and establish an income-based eligibility criterion for the Lifeline and Link-Up programs.

Dated this 18th day of August, 2003.

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⁷ Separate Statement of Chairman Michael K. Powell, *Tremendous Opportunities to Build Digital Communications Capabilities of Rural America*, August 6, 2003, ¶ 3.